

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03 /033 W

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R 190526Z JUL 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 0517

INFO AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMCONSUL MONTREAL

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E.O. 11652: N/A

TAGS: EAIR, GW, US

SUBJECT: CIVAIR: INTERCARRIER MEETING ON GERMAN TRUCK
AND FREIGHT RATES

REF: STATE 166871

1. SUMMARY: REPRESENTATIVES OF LUFTHANSA, SEABOARD WORLD
AIRWAYS AND PAN AMERICAN MET IN FRANKFURT JULY 13 AND 14
TO CONTINUE DISCUSSIONS ON AN AGREEMENT FOR FREIGHT RATES
ON THE NORTH ATLANTIC. AGREEMENT WAS REACHED, CONDI-
TIONAL ON ACCEPTANCE BY U.S. AND GERMAN GOVERNMENTS,
IATA, AND OTHER CARRIERS, TO SET MINIMUM CHARTER RATES,

A 34 TON AND 10 TON RATE AND OTHERWISE TO ADOPT IATA
NICE PACKAGE. PARTIES UNDERTOOK TO REPORT TO GOVERN-
MENTS ON THE AGREEMENT AND TRY TO SELL IT TO THE CAB,
OTHER CARRIERS AND TO IATA. END SUMMARY.

2. REPRESENTATIVES OF PAN AMERICAN, SEABOARD WORLD
AIRWAYS AND LUFTHANSA AIRLINES MET IN FRANKFURT JULY
13 AND 14 TO AGREE ON AIR CARGO RATES FOR THE NORTH
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ATLANTIC. EMBASSY ACTING CAA AND STUKENBERG OF FRG

MINISTRY OF TRANSPORTATION WERE PRESENT AS OBSERVERS. DELEGATION HEADS WERE KOHLER FOR LUFTHANSA, FITZGIBBONS FOR PAN AMERICAN, AND STEVENS FOR SEABOARD. NEGOTIATIONS PROCEEDED IN REASONABLY FRIENDLY AND UNEMOTIONAL ATMOSPHERE AND AGREEMENT WAS REACHED ON SECOND DAY.

3. AGREEMENT INCLUDES MINIMUM CHARTER FARE PER STATUTE MILE OF \$7.25, 9.07 AND 17.45 FOR DC-8, STRETCH DC-8 AND 747 RESPECTIVELY BETWEEN FRANKFURT AND U.S. IN ADDITION IT WAS AGREED THAT THERE WOULD BE A 34 TON RATE ON SAME CONDITIONS AS CHARTERS EXCEPT THAT THE COMPOSITION OF THE LOAD WOULD BE UNLIMITED FOR THE SHIPPER. THIS WAS ACCEPTED BY LUFTHANSA ONLY ON CONDITION THAT A RESTRICTION BE INCLUDED SIMILAR TO THAT OF IATA 045 A (APPLICABLE ONLY TO A SINGLE SHIPMENT WITH THE SHIPPER PROHIBITED FROM RESELLING ANY PART OF THE TRANSPORTATION REPRESENTED BY THE SHIPMENT).

4. MAJOR PART OF NEGOTIATION WAS OVER RATE BREAK SET BETWEEN CHARTER RATE AND IATA NICE PACKAGE WHICH TO BE ADOPTED WITH EXCEPTIONS PROVIDED IN THE US-FRG AGREEMENT. SEABOARD WANTED THE BREAK AT NO LESS THAN TEN TONS ON A FREIGHT ALL KINDS (FAK) BASIS. LUFTHANSA PROPOSED FIVE TON BREAK. PAN AMERICAN FAVORED TEN TONS BUT APPARENTLY NOT TOO CONCERNED WHETHER IT FAK OR CO-RATED. FINAL AGREEMENT WAS THAT BREAK WOULD BE TEN TONS BUT ON CO-RATE BASIS ONLY; SHIPMENT COULD BE MADE UP OF ANY COMMODITY ON GENERAL IATA LIST OR OF ANY OF TEN COMMODITY GROUPINGS AGREED TO IN TALKS. RATE WAS SET AT DM 2.50 PER KILO CONTAINERIZED AND DM 2.70 LOOSE.

5. STUKENBERG INTERVENED TO ASK IF SEABOARD AND PAN AMERICAN PREPARED TO SIGN PLEDGE LETTER SENT TO ALL

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ACTION EB-07

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CARRIERS IN GERMANY BY FRG MINISTRY OF TRANSPORTATION
IN WHICH LOCAL MANAGER OF EACH CARRIER REQUIRED TO
MAKE PERSONAL PLEDGE NOT TO ENGAGE IN ILLEGAL PRACTICES
INCLUDING REBATING (SEE BONN 820). STEVENS TOLD HIM
THIS MATTER NOW ONE BETWEEN GOVERNMENTS, BUT IN SEPARATE
CONVERSATION DURING BREAK STEVENS OFFERED TO DRAFT
AMENDED LETTER WHICH SEABOARD COULD ACCEPT AND SUBMIT
IT TO FRG. STUKENBERG ACCEPTED THIS OFFER. STEVENS
TOLD ACTING CAA THAT HE WOULD CLEAR DRAFT WITH DEPART-
MENT AND CAB BEFORE GIVING IT TO THE FRG.

6. WITH RATES AGREED UPON, TWO SIDES UNDERTOOK TO SELL
AGREEMENT TO OTHER INTERESTED PARTIES. PAN AMERICAN
AND SEABOARD WILL PREPARE REPORT INCLUDING ECONOMIC
JUSTIFICATION FOR CAB. LUFTHANSA WILL APPROACH OTHER
EUROPEAN CARRIERS AND IATA TO GAIN THEIR ADHERENCE TO
AGREEMENT. ALL SIDES AGREED THAT A GERMAN-AMERICAN
AGREEMENT WOULD NOT SOLVE THE PROBLEM AND THAT IT WAS
NECESSARY FOR OTHER NORTH ATLANTIC CARRIERS TO GO
ALONG. CONSENSUS WAS THAT ONLY BRITISH AIRWAYS NOT
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LIKELY TO DO SO. LUFTHANSA WILL APPROACH BA.
IF THIS FAILS, IT PROBABLY WILL BE POSSIBLE IN THE VIEW
OF THE THREE CARRIERS TO STICK WITH THE STATUS QUO IN
THE UK AND STILL HAVE A WORKABLE AGREEMENT.

7. OTHER PROBLEMS TO DO WITH THE TRUCKING SITUATION IN
GERMANY WERE DISCUSSED, BUT NO DECISIONS WERE MADE
PENDING FURTHER DEVELOPMENTS IN GETTING A WORKABLE RATE
AGREEMENT TO WHICH NORTH ATLANTIC FREIGHT CARRIERS
WOULD ADHERE. SEABOARD NOTED THAT IT WAS GETTING VERY
GOOD SERVICE FROM LUFTHANSA ON TRUCKING FROM NURENBERG
TO FRANKFURT BUT AT THREE TIMES THE NORMAL TRUCKING
RATE. COMMENT: MAJOR DIFFERENCE BETWEEN SIDES WAS

APPARENTLY THEIR ATTITUDE TOWARD CONSOLIDATORS. LUFT-
HANSA HOSTILE TOWARD GERMAN CONSOLIDATORS AND TRIED TO
DESIGN THE RATE PACKAGE AND CONDITIONS TO RESTRICT
THEM AS MUCH AS POSSIBLE. SEABOARD WISHES TO DEAL
WITH THE CONSOLIDATORS AND FOR THAT REASON WERE RELUC-
TANT TO GIVE UP FAK ON THE TEN TON BREAK. THIS CON-
CESSION, HOWEVER, APPEARED NECESSARY TO GET AN AGREEMENT
WITH LUFTHANSA.
CASH

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